THE KINGDOM OF BELGIUM
GREEN OLO FRAMEWORK

SECOND-PARTY OPINION BY SUSTAINALYTICS

February 6, 2018
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1. INTRODUCTION

The Kingdom of Belgium (‘the Government of Belgium’ or ‘Belgium’), a sovereign state in Western Europe, is a densely populated country with a population of approximately 11 million inhabitants. The commitment of the Government of Belgium to environmental protection and climate change mitigation has been translated into several efforts to support the country’s transition to a more environmentally friendly economy in line with the Paris Agreement. To contribute to the financing of this environmental transition, the Government of Belgium wants to promote green finance, and green bonds in particular.

In line with this vision, The Kingdom of Belgium has developed a Green Bond Framework¹ (‘Green OLO Framework’) which will enable the Belgian Debt Agency to issue green bonds (or ‘green OLOs’). Proceeds of the bonds will be used to finance or refinance ‘Eligible Green Expenditures’ in five ‘Green Sectors’:

(i) Clean Transportation,
(ii) Energy Efficiency,
(iii) Renewable Energy,
(iv) Circular Economy (waste management and circular economy adapted products),
(v) Living Resources and Land Use (including climate change adaptation, and pollution prevention and control).

Eligible Green Expenditures are Federal State expenditures that can qualify under the Green OLO Framework, including tax incentives,² investment expenditures and operating expenditures, as any of such expenditures can be deployed to meet Belgium’s climate and environmental policies. Expenditures can be directed at state agencies, regions and communities, companies and households.

The Kingdom of Belgium has engaged Sustainalytics to provide a second-party opinion on its Green OLO Framework and on the framework’s environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of the Government of Belgium to understand the sustainability impact of their planned use of proceeds, as well as the management of proceeds and the reporting aspects of the Kingdom of Belgium Green OLO Framework. Sustainalytics also reviewed a broad set of documentation. Following this engagement between the Government of Belgium and Sustainalytics, some elements of the Green OLO Framework were clarified to ensure an alignment with the level of disclosure expected by ICMA’s Green Bond Principles.³

This document contains Sustainalytics’ opinion of the Kingdom of Belgium’s Green OLO Framework and should be read in conjunction with that framework.

¹ The Green OLO Framework and related documents will be made available at www.debtagency.be/en
² In order to support environmentally-friendly investments, the Federal State applies reduced tax tariffs to solutions that improve the energy efficiency of buildings and industrial processes, and promote the use of clean transportation. Companies investing in energy efficiency in buildings or production processes can also benefit from a tax deduction. These tax incentives are clearly identified as a fiscal cost in the “Inventory of federal tax expenditures”. Criteria for eligible expenditures have been defined in the Green OLO Framework.
³ The Green Bond Principles 2017, dated 2 June 2017, issued by the International Capital Markets Association (ICMA)
2. SUSTAINALYTICS’ OPINION

Section 1: Opinion on the Kingdom of Belgium Green OLO Framework

Overall, Sustainalytics is of the opinion that the Kingdom of Belgium’s Green OLO Framework is transparent and credible, and aligns with the four pillars of the Green Bond Principles 2017. In addition, Sustainalytics views the following elements of the Green OLO Framework positively:

- Energy Efficiency, Clean Transportation, Renewable Energy, Circular Economy (i.e. waste management and circular economy adapted products) and Living Resources and Land Use are regarded by the Green Bond Principles as project categories with clear environmental benefits, and Sustainalytics views these projects as having positive environmental impact (for additional information on impact, see Section 3);
- The process for project evaluation and selection is executed annually by an Inter-Ministerial Working Group, coordinated by the Ministry of Finance (“Federal Public Service Finance”) and the Belgian Debt Agency, the Minister of the Environment, and the Prime Minister. Each Federal Public Service (FPS) unit holds the responsibility for identifying and reporting on Eligible Green Expenditures within its programs. Sustainalytics considers that the inter-ministry coordination is likely to strengthen the evaluation and selection of Eligible Green Expenditures, and views positively the fact that the Belgian Prime Minister is actively involved in this process;
- The management of proceeds will be executed by the Belgian Debt Agency. The full allocation will occur on a notional basis, and includes identified expenditures from the Federal State’s budget and Federal State’s investments in Green investment funds. Sustainalytics considers the approach for management of proceeds to be in line with market practice;
- The Kingdom of Belgium demonstrates a strong commitment to transparent reporting. The annual allocation reporting, coordinated by the Ministry of Finance and the Belgian Debt Agency, will include a breakdown of Eligible Green Expenditures by Green Sector and by type of expenditure. The allocation of the bond proceeds will be externally verified by an independent audit firm, which is in line with market best practice. With regard to impact reporting, the Minister of the Environment will publish a report assessing the environmental impact of Eligible Green Expenditures. The first impact report will be published in the year following the issuance, and as necessary thereafter following additional issuance or subject to other relevant information becoming available. Sustainalytics highlights that a task force with representatives from several Federal Public Services will be created to collect relevant impact information and views positively the strong commitment by the Ministry of Finance and Minister of the Environment. Reporting will be made available on the Belgian Debt Agency’s website.

Alignment with Green Bond Principles 2017
Sustainalytics has determined that the Kingdom of Belgium Green OLO Framework aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix 1: Green Bond Programme External Review Form.

4 Using the following categories: Investment expenditure; Operating expenditure; Tax expenditure.
Section 2: Sustainability Mandate of the Kingdom of Belgium

The Kingdom of Belgium has defined two key objectives in its Green OLO Framework:

a) to support Belgium’s transition to a more environmentally friendly economy in line, among other priorities, with the Paris Agreement; and

b) to lead and develop the local green finance market, green bonds in particular, as a key tool to financing the country’s energy and ecological transition.

In Sustainalytics’ view, the Green OLO Framework aligns with the mandate and strategy defined by the Government of Belgium, which is endorsed by the country’s Prime Minister.

Contribution of the inaugural Green OLO to promote green finance

The Government of Belgium expects the inaugural Green OLO to catalyse the development of the green bond market and encourage companies, municipalities and regional authorities to mobilize their financial potential to support Belgium’s transition to a low-carbon economy. Sustainalytics highlights that the Government of Belgium’s efforts align with the European Union’s goals to support green finance and, specifically, with the objectives of the High Level Expert Group on Sustainable Finance to mobilize capital for sustainable investments in line with the Paris Climate Agreement and EU 2030 Climate Goals.5 Sustainalytics views positively, the Government of Belgium’s leading role in supporting green finance and the importance of its inaugural Green OLO as a catalyst for the development of the local green bond market and for stimulating public and private investments in low-carbon assets supporting the country’s energy and ecological transition.

Contribution of the Kingdom of Belgium’s Green OLOs to the country’s sustainability agenda

Sustainalytics is of the opinion that the Kingdom of Belgium has a strong sustainable development strategy supported by a robust governance structure, due to:

(i) Belgium’s 2050 Federal Long-Term Strategic Vision on Sustainable Development,6 which is built around four pillars: a) promotion of social cohesion, b) economic adaptability relative to social, economic, and environmental challenges, c) environmental protection (climate change, natural resources, air quality and biodiversity) and d) the social responsibility of Belgium’s federal authorities;

(ii) Belgium’s National Agreement for Strategic Investments,7 endorsed by the Prime Minister, and built upon six investment pillars comprising two with an environmental focus, namely Mobility and Energy transition;

(iii) Belgium’s National Burden-Sharing 2020 programme,8 in which the Government commits to reduce its non-ETS GHG emissions (transportation, agriculture, construction and waste) by 15% by 2020, compared to 2005 levels, as well as to increase its energy consumption from renewable sources to 13% of the total national consumption by 2020;

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6 2050 Federal Long-Term Strategic Vision on Sustainable Development, available in French at:
(iv) Belgium’s official roadmap to redesign the country’s economy considering the principles of the circular economy,\(^9\) endorsed by the Ministries of Energy and Environment;
(v) Belgium’s National Adaptation Plan\(^{10}\) providing climate change adaptation and mitigation guidelines and strategies for adaptation planning at regional and federal level;
(vi) Belgium’s federal structure which incentivizes the horizontal and vertical cooperation between the Regions and the Federal State.

Given the above, Sustainalytics is confident that the Kingdom of Belgium’s Green OLO Framework, aligns with and will contribute to the country’s sustainability mandate and strategy.

Well positioned to address common environmental and social risks associated with the projects
Sustainalytics recognizes that the Kingdom of Belgium’s proposed extensions and upgrades of infrastructure projects such as the country’s rail system or the projects targeting refurbishment of real estate assets and renewable energy infrastructure, involve social and environmental risks such as harmful air emissions, change in land use and added pressure on biodiversity. The Kingdom of Belgium requires that all laws regulating environmental projects include an integrated impact assessment which encompasses 21 indicators\(^{11}\) targeting environmental and social risks, as well as mandatory risk mitigation proposals for each area deemed sensitive. Sustainalytics is of the opinion that such impact risk assessment model incorporates strong criteria, especially due to explicit reference to criteria such as: production and consumption model, energy, climate change, natural resources, air quality, biodiversity and nuisance.

Section 3: Impact of Use of Proceeds
Sustainalytics considers that the proceeds of the Kingdom of Belgium’s green OLOs will render environmental benefits. Specifically, the Kingdom of Belgium identified three Global Environmental Challenges that are at the core of the country’s environmental policies, and that align with the use of proceeds: a) Climate change mitigation and adaptation, b) Preservation of natural resources and c) Biodiversity conservation. Each Eligible Green Expenditure contributes to one, or several, Global Challenges. Additionally, Sustainalytics assesses positively the intention to exclude any investments related to nuclear activities, armament and fossil fuel activities. Below, Sustainalytics highlights specific impacts of selected Eligible Green Expenditures and their contribution to the Global Environmental Challenges, given their expected importance in Belgium’s green OLOs.

Climate change: contribution of the proceeds towards the achievement of climate-related targets
Sustainalytics is confident that the Kingdom of Belgium’s proposed clean transportation, energy efficiency and renewable energy Eligible Green Expenditures will provide a positive contribution towards the Government of Belgium’s target to reduce its non-ETS GHG emissions (transportation, agriculture, construction and waste) by 15% by 2020, and its target to increase the total energy consumption from

\(^{9}\) http://economie.fgov.be/nl/binaries/Belgie_als_voortrekker_van_de_circulaire_economie_tcm325-259697.pdf
\(^{10}\) http://www.klimaat.be/files/4214/9880/5755/NAP_EN.pdf
\(^{11}\) http://www.simplification.be/content/publication-des-air
renewable sources to 13% of the total national demand by 2020. Below, Sustainalytics details how the impact of some of these expenditures has been assessed.

a) Importance of clean transportation expenditures
It is likely that a significant percentage of the use of proceeds will be dedicated to clean transportation, specifically rail services infrastructure and technology. Sustainalytics has a positive view on such expenditures, especially due to the fact that the European Environment Agency and the European Commission encouraged the Government of Belgium to reorganize its financing structure in order to fully support additional mobility infrastructure investments as a catalyst for Belgium’s 2020 GHG emission reduction target.12,13 Sustainalytics estimates that the Kingdom of Belgium’s proposed projects to modernize and expand rail development will improve passenger and freight transport and downscale road influx. Current government estimates suggest that Infrabel (government-owned railways infrastructure maintenance company) and SNCB (Belgium’s national railway company) require up to EUR 20 billion in investments by 2030.14,15 Similarly, Sustainalytics is of the opinion that the Government of Belgium’s proposed tax credits for the purchase of electric vehicles (“EV”) as well as the proposed installations of EV charging stations will reduce Belgium’s reliance on combustion engine cars for private transportation, thus contributing to lower the country’s total GHG output.

b) Importance of improving the carbon footprint of the built environment
According to the International Energy Agency,16 buildings (residential and commercial) accounted for approximately one-third of Belgium’s total final consumption of energy in 2013. Together with the transport sector, improving the energy performance of buildings is identified as a crucial measure to reduce Belgium’s carbon footprint. Furthermore, under the Energy Efficiency Directive (2012/27/EC), Belgium is required to establish strategies for the renovation of its building stock and improve the energy performance of buildings owned and occupied by the central government. For the buildings of the federal government, this work is the responsibility of the Régie des Bâtiments, which foresees expenditures such as improving insulation and installation of renewable energy technologies. At regional level, energy efficiency requirements for new buildings have been incorporated into building codes, which include minimum efficiency performance standards for thermal installations and lighting. These minimum requirements, that apply for instance to roof and wall insulation, will be considered to determine the eligibility of projects. Additional details on energy efficiency criteria will be communicated by the Kingdom of Belgium at a later stage, when relevant. Given this context, Sustainalytics assesses positively Green OLO investments supporting new green buildings with environmental certification, and improving energy efficiency in the existing building stock, as a means to achieve energy efficiency gains and emissions reductions.

14 These estimations refer to CapEx investments. However, significant related OpEx expenditures are also expected.
15 Pacte National pour les Investissements Stratégiques - Phase Opérationnelle, note 20-04-2017
c) Importance of tax incentives to support energy efficiency in industrial production

According to information by the National GHG Inventory,\(^{17}\) companies play a key role in the transition towards a low-carbon economy given that industry processes and related energy consumption account for a significant part of the country’s GHG emissions. To reduce emissions in the industry sector, energy efficiency and process improvements have been identified as key measures.\(^{18}\) Such efforts need to be supported by public incentives established by the federal government and regional authorities. Given this context, the exclusion of controversial activities, and the level of detail provided in the Green OLO Framework defining eligible investments in energy efficiency (12 categories of investments have been identified,\(^{19}\) ranging from improving energy efficiency in buildings, to more efficient transportation and renewable energy production), Sustainalytics has a positive view on the tax incentives with the aim of promoting industrial energy efficiency and reducing GHG. Such tax incentives are identified as a fiscal cost in the “Inventory of federal tax expenditures”.

Beyond borders: improving climate resilience and adaptation in developing countries

Sustainalytics considers that Belgium’s proposed expenditures to support international environmental cooperation through the financing of the Green Climate Fund\(^{20}\) and similar programs will support credible climate change adaptation and mitigation efforts. These investments are considered particularly impactful given that, according to a UN report,\(^{21}\) climate change is expected to disproportionately affect developing nations and disadvantaged people in vulnerable areas. The report further argues that climate adaptation and resilience in these areas are vital for achieving the Sustainable Development Goals by 2030.

Contribution of the proceeds to preserving natural resources and protecting biodiversity: financing public research

Applied research and innovation to improve academic knowledge on biodiversity and environmental protection are identified as potential eligible expenditures. Sustainalytics recognizes the challenge to report on the positive impact of such expenditures, given the uncertain nature of R&D and innovation outcomes. However, considering the importance of such investments and the fact that most expenses to advance climate change, biodiversity and pollution research are traditionally funded by states, Sustainalytics views positively the inclusion of such expenditures.

Contribution of the Green OLO Framework to the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. In Sustainalytics’ view the Kingdom of Belgium Green OLO Framework will mainly advance the following SDG goals and targets:

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\(^{20}\) The Green Climate Fund (GCF) is a global fund created to support the efforts of developing countries to respond to the challenge of climate change. The GCF helps developing countries limit or reduce their greenhouse gas emissions and adapt to climate change. The GCF was set up in 2010 by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC). For additional information please consult [http://www.greenclimate.fund/home](http://www.greenclimate.fund/home).

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>SDG</th>
<th>SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>7.</td>
<td>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>7.</td>
<td>7.3 By 2030, double the global rate of improvement in energy efficiency.</td>
</tr>
<tr>
<td>Clean Transportation</td>
<td>9.</td>
<td>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</td>
</tr>
<tr>
<td></td>
<td>11.</td>
<td>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety. Notably by expanding public transport.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>9.</td>
<td>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</td>
</tr>
<tr>
<td>Clean Transportation</td>
<td>12.</td>
<td>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</td>
</tr>
<tr>
<td>Circular Economy</td>
<td>12.</td>
<td>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</td>
</tr>
<tr>
<td>Living Resources and Land Use</td>
<td>13.</td>
<td>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</td>
</tr>
<tr>
<td></td>
<td>15.</td>
<td>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.</td>
</tr>
</tbody>
</table>

**Conclusion**

In line with The Kingdom of Belgium’s commitment to transition to a more environmentally friendly economy, and to lead and develop the local green finance market, the Government has developed a Green OLO Framework under which it plans to issue green bonds. Proceeds of the bonds will be used to finance or refinance Eligible Green Expenditures in five Green Sectors: (i) Clean Transportation, (ii) Energy Efficiency, (iii) Renewable Energy, (iv) Circular Economy (i.e. waste management and circular economy adapted products), and (v) Living Resources and Land Use.

Sustainalytics views the following elements of the Kingdom of Belgium Green OLO Framework positively:

(i) alignment of the Eligible Green Expenditures with projects recognized by the Green Bond Principles as having clear environmental benefits;

(ii) the inter-ministry coordination is likely to strengthen the evaluation and selection of Eligible Green Expenditures, and Sustainalytics views positively the fact that the Belgian Prime Minister is actively involved in this process;
The Kingdom of Belgium demonstrates a strong commitment to transparent allocation and impact reporting, in line with market best practice. Sustainalytics highlights that a task force with representatives from several Federal Public Services will be created to collect relevant impact information and views positively the strong commitment by the Ministry of Finance and Minister of the Environment.

Furthermore, Sustainalytics considers that the Kingdom of Belgium’s Green OLO Framework aligns with and will contribute to the country’s sustainability mandate and strategy, which includes environmental targets, and will contribute to advancing SDGs 7, 9, 11, 12, 13 and 15.

Additionally, Sustainalytics views positively the Government of Belgium’s leading role in supporting green finance, and the importance of its inaugural Green OLO as a catalyser for the development of the local green bond market and for stimulating public and private investments in low-carbon assets supporting the country’s energy and ecological transition.

Based on the above, Sustainalytics is confident that the Kingdom of Belgium is well positioned to issue green bonds and that its Green OLO Framework is transparent, credible, and in alignment with the four pillars of the Green Bond Principles.
APPENDICES

Appendix 1: Green Bond Programme External Review Form

Green Bond Programme
External Review Form

Section 1. Basic Information

Issuer name: The Kingdom of Belgium

Green Bond ISIN or Issuer Green Bond Framework Name: The Kingdom of Belgium Green OLO Framework

Review provider’s name: Sustainalytics

Completion date of this form: February 6, 2018

Publication date of review publication: February 6, 2018

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

☒ Use of Proceeds
☒ Process for Project Evaluation and Selection
☒ Management of Proceeds
☒ Reporting

ROLE(S) OF REVIEW PROVIDER

☒ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification
☐ Rating
☐ Other (please specify): Other (please specify):

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section (if applicable):
In line with The Kingdom of Belgium’s commitment to transition to a more environmentally friendly economy, and to lead and develop the local green finance market, the Government of Belgium has developed a Green OLO Framework under which it is considering to issue green bonds (‘green OLOs’). Proceeds of the green OLOs will be used to finance or refinance expenditures related to ‘Eligible Green Expenditures’ in five ‘Green Sectors’: (i) Clean Transportation, (ii) Renewable Energy, (iii) Energy Efficiency, (iv) Circular Economy (i.e. waste management and circular economy adapted products) and (v) Living Resources and Land Use (including climate adaptation, and pollution prevention and control).

Eligible Green Expenditures are Federal State expenditures that can qualify under the Green OLO Framework, including tax incentives, investment expenditures and operating expenditures, as any of such expenditures can be deployed to meet Belgium’s climate and environmental policies. Expenditures can be directed at state agencies, regions and communities, companies and households.

The Kingdom of Belgium’s proposed Eligible Green Expenditures align with those recognized by the Green Bond Principles 2017 as having clear environmental benefits. Additionally, Sustainalytics is of the opinion that the projects funded by the proceeds of the green bonds will positively contribute to advancing UN’s SDGs 7, 9, 11, 12, 13 and 15.

Sustainalytics is confident that the credibility of the Kingdom of Belgium’s Green OLO Framework is enhanced by Belgium’s 2050 Federal Long-Term Strategic Vision on Sustainable Development, which is embedded into the country’s national environmental policies, its National Agreement for Strategic Investments, and by Belgium’s National Burden-Sharing 2020 programme, among other strategic directives. Additionally, Sustainalytics assesses positively the intention to exclude any investments related to nuclear activities, armament and fossil fuel activities.

Use of proceeds categories as per GBP:

☒ Renewable energy
☒ Energy efficiency
☒ Pollution prevention and control
☒ Sustainable management of living natural resources
☒ Terrestrial and aquatic biodiversity conservation
☒ Clean transportation
☐ Sustainable water management
☒ Climate change adaptation

22 In order to support environmentally-friendly investments, the Federal State applies reduced tax tariffs to solutions that improve the energy efficiency of buildings and industrial processes, and promote the use of clean transportation. Companies investing in energy efficiency in buildings or production processes can also benefit from a tax deduction. These tax incentives are clearly identified as a fiscal cost in the “Inventory of federal tax expenditures”. Criteria for eligible expenditures have been defined in the Green OLO Framework.
Eco-efficient products, production technologies and processes

Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section:
The process for projects evaluation and selection is executed annually by an Inter-Ministerial Working Group, coordinated by the Ministry of Finance (“Federal Public Service Finance”) and the Belgian Debt Agency, the Minister of the Environment and the Prime Minister. Each Federal Public Service unit is responsible for identifying and reporting on Eligible Green Expenditures. Sustainalytics considers that the inter-ministry coordination is likely to strengthen the evaluation and selection of Eligible Green Expenditures, and views positively the fact that the Belgian Prime Minister is actively involved in this process.

Furthermore, Sustainalytics is confident that the Kingdom of Belgium is well positioned to evaluate and mitigate common environmental and social risks associated with the projects.

Evaluation and selection

☑ Defined and transparent criteria for projects eligible for Green Bond proceeds
☑ Documented process to determine that projects fit within defined categories
☑ Summary criteria for project evaluation and selection publicly available
☐ Other (please specify):

Information on Responsibilities and Accountability

☐ Evaluation / Selection criteria subject to external advice or verification
☐ In-house assessment
☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):
The management of proceeds will be executed by the Belgian Debt Agency. The full allocation will occur on a notional basis, and includes identified expenditures from the Federal State’s budget made for the year of issuance and the previous year, and Federal State’s investments in Green investment funds for the year of issuance and the previous two years. Measures to prevent double counting have been integrated in the Green OLO Framework. Sustainalytics considers the approach for management of proceeds to be in line with market practice.
Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in a systematic manner
☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
☐ Other (please specify):

Additional disclosure:

☐ Allocations to future investments only
☐ Allocations to both existing and future investments
☐ Allocation to individual disbursements
☐ Allocation to a portfolio of disbursements
☐ Disclosure of portfolio balance of unallocated proceeds
☒ Other (please specify): Allocation to recent, existing, and future expenditures

4. REPORTING

Overall comment on section (if applicable):
The Kingdom of Belgium demonstrates a strong commitment to transparent reporting.

Allocation reporting
An annual allocation reporting, coordinated by the Ministry of Finance and the Belgian Debt Agency, will include a breakdown of Eligible Green Expenditures by Green Sector and by type of expenditure. The allocation of the bond proceeds will be externally verified by an independent audit firm, which is in line with market best practice.

Impact reporting
With regard to impact reporting, the Minister of the Environment will publish a report assessing the environmental impact of Eligible Green Expenditures. The first impact report will be published in the year following the issuance, and as necessary thereafter following additional issuance or subject to other relevant information becoming available.

Sustainalytics highlights that a task force with representatives from several Federal Public Services will be created to collect relevant impact information and views positively the strong commitment by the Ministry of Finance and Minister of the Environment.

Reporting will be made available on the Belgian Debt Agency’s website.

Use of proceeds reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other (please specify):

Information reported:

☒Allocated amounts
☐ GB financed share of total investment
☐ Other (please specify):

**Frequency:**

☒ Annual
☐ Other (please specify):

☐ Semi-annual

**Impact reporting:**

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other (please specify):

**Frequency:**

☐ Annual
☒ Other (please specify): The first impact report will be published in the year following the issuance, and as necessary thereafter following additional issuance or subject to other relevant information becoming available.

☐ Semi-annual

**Information reported (expected or ex-post):**

☒ GHG Emissions / Savings
☒ Energy Savings

☒ Other ESG indicators (please specify): please refer to Framework document for a full list. Examples include ‘Capacity of renewable energy systems installed’, ‘Monetary value of products containing a high proportion of recycled materials’, ‘Area conserved or protected’.

**Means of Disclosure**

☐ Information published in financial report
☐ Information published in sustainability report
☒ Information published in ad hoc documents
☐ Other (please specify):

☒ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):
Allocation Reporting

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)
SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2\textsuperscript{nd} opinion) ☐ Certification
☐ Verification / Audit ☐ Rating
☐ Other (please specify):

Review provider(s): Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

(i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer’s Green Bond framework. “Second opinions” may fall into this category.

(ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.

(iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.

(iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer’s ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.
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All rights reserved. No part of this second party opinion (the “Opinion”) may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.
SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015 and Most Impressive Second Opinion Provider in 2017. For more information, visit www.sustainalytics.com

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Global Capital SRI Awards

Climate Bond Certified

The Green Bond Principles

Named
Most Impressive Second Opinion Provider